

Brussels TV proposals upset advertisers

By Emma Tucker in Brussels
Moves by MEPs in Brussels to restrict the amount of advertising that can be shown during children's broadcasts...

and new media." The latest clash with the parliament concerns a series of parliamentary amendments to the revised Television Without Frontiers directive...

promote their products on TV3. The advertising industry believes such moves will destroy the concept of a single market in advertising...

The parliament is also likely to be at odds with the council over the issue of content quotas. MEPs in the culture committee have taken a tough line on protecting European-made programmes...

Such amendments go much further than what was agreed in the council last year. Member states opted to maintain a loophole that makes broadcasters carry 51 per cent European programmes...

Optimism on rising welfare state costs

By Mark Szerman, Social Affairs Correspondent
Policymakers across Europe, with the notable exception of the UK, overwhelmingly believe that rising cost pressures on the welfare state can be addressed without big cuts...

Rome freezes plan to raise phone charges

By Andrew Hill in Milan
The Italian government has frozen controversial changes to telephone charges in the face of unexpectedly heavy criticism.

announced in a handwritten paragraph added to the end of the statement. The apparent hastiness of the move led some observers to suggest yesterday that Mr Lamberto Dini, prime minister, had called a halt to the measures to avoid a damaging row ahead of today's parliamentary debate about the future of his technocratic government.



Italians pledge to work for Emu and employment

The priorities of the Italian presidency of the EU will be preparing for European economic and monetary union, launching the intergovernmental conference for revision of the Maastricht treaty, and fighting unemployment...

Euro 'threat to Swiss economy'

The Swiss economy risks being damaged by frequent foreign exchange turmoil in the run-up to the introduction of the common European currency, a powerful Swiss business organisation has warned.

Wealth tax hint for Belgians

Mr Elio di Rupo, the deputy prime minister of Belgium, has raised the possibility of introducing a wealth tax and a "generalised social levy", as a way of taking some of the pain out of spending cuts in this year's budget.

Moody's warns Austrian banks

Credit ratings of some Austrian banks could be downgraded by Moody's Investors Service over the medium term because their strategies for dealing with looming structural changes may be inappropriate.

Turkey given new warning on Islamists

By John Barham in Ankara
The 550 new members of Turkey's parliament took their oath of office yesterday, opening the way for the first formal consultations between President Süleyman Demirel and party leaders today.

agreed in principle" to form a government, with Refah taking the justice, interior and education ministries. Motherland would take the foreign and economy ministries.

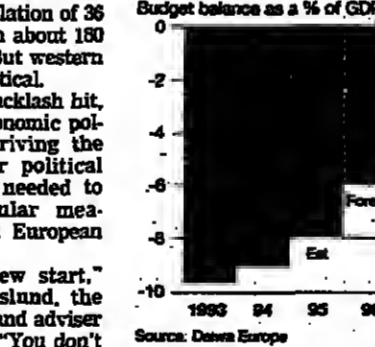
has so far prevented a conservative alliance. True Path holds 136 seats and Motherland 132, indicating that support from one of two leading parties in parliament would still be needed for a 376-seat majority.

The diplomat warned that an incoming government must act decisively to prevent further deterioration in the economy that would bolster Refah's rising popularity. Action is required to improve real incomes, which fell by about a fifth last year, by bringing inflation down from 79 per cent in 1995.

Slow to reform Ukraine irks IMF

Matthew Kaminski says broken promises explain a delay in support from the Fund

Beer connoisseurs in Ukraine would ask for Obolon, if they could get it. But the successful private beer producer is fighting a losing battle against a wholesale trade monopoly controlled by state breweries...



slowly. State orders for grain - a driving force behind 10,000 per cent inflation two years ago - came in at 4.6m tonnes this year, down from an expected 10m tonnes, and are set to be withdrawn in 1996.

Former Hungarian PM dies

Mr Karoly Grosz (left), the former Hungarian prime minister who paved the way for the country's sweeping democratic changes in the late 1980s, has died after a long illness aged 65.

Ban on Frankfurt broker

The Frankfurt stock exchange has revoked a local broking firm's authorisation to handle price settlements in options deals, in the latest example of German authorities' determination to stamp out irregularities in financial markets.

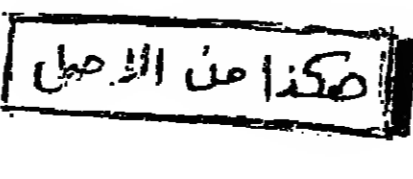
Tietmeyer backs spending cuts

Mr Hans Tietmeyer, the Bundesbank president, said European nations must continue to try to reduce public spending and to pursue labour reforms, despite short-term penalties.

Yugoslav trade deficit \$959m

The Yugoslav trade deficit reached \$959m in the first 10 months in 1995, the federal government's Centre for Development and Economic Policy said yesterday.

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Employment put at top of CSU agenda

By Judy Dempsey in Wildbad Kreuth, Bavaria

Germany's Christian Social Union (CSU), the Bavarian sister party of Chancellor Helmut Kohl's Christian Democratic Union (CDU), yesterday joined the other parties in putting unemployment and European monetary union at the top of its political agenda.

Mr Theo Waigel, finance minister, and Mr Michael Glos, head of the CSU's parliamentary group, said unemployment could soon reach 4m if more flexibility in the workplace and social reforms were not introduced.

In particular, Mr Waigel said cutting the public sector, increasing job flexibility and pushing forward the pace of privatisation were essential if the government was to succeed in boosting employment.

Mr Waigel was addressing the parliamentary faction of the CSU at its annual meeting in the Bavarian mountain resort of Wildbad Kreuth.

The meeting coincides with considerable concern among the CDU and the CSU about the ability of the liberal Free Democratic party (FDP), the government's junior coalition partner, to win re-election in three state elections due in March.

But yesterday, Mr Glos dismissed any idea that the coalition was in danger, despite the FDP's poor electoral perfor-

mance over the past two years. He said the CSU would continue to support the government and warned against any temptation by the CDU to form a coalition with the opposition Social Democrats (SPD).

In a closed session for delegates, Mr Glos said the CSU would no longer be able to hold four ministerial posts and five state secretary positions if such a political constellation was to emerge.

At the same time, the CSU, which has close links with the Roman Catholic church and is politically conservative on asylum and fighting crime but liberal on privatisation and less state interference in the economy, said an SPD coalition with the Greens, backed by the east German Party of Democratic Socialism (PDS), would split the country and usher in an era of political instability.

Although confined to Bavaria for its political support and often appearing under the shadow of the CDU, the CSU stunned the CDU 20 years ago at Wildbad Kreuth by deciding to make its own parliamentary deposits independent from the CDU faction. This was a CSU bid to establish greater political autonomy in policy-making and to challenge the CDU's control over the Chancellery.

But in practice in the Bundestag, the lower house of the parliament, the CSU has acted as a loyal and dependable supporter of the CDU.

InfoMatin fails to crack media market

By Andrew Jack in Paris

With a bold "An Revoir" headline taking up half its front page, the daily French newspaper InfoMatin printed its final edition yesterday, giving up a two-year struggle to break into one of the country's most difficult markets.

Its ultimate failure says much about the difficulties facing many of its competitors, as well as about its own particular challenges and limitations.

InfoMatin distinguished itself by creating a distinctive niche. It opted for a practical, easy-to-hold tabloid format. It chose a deliberately aggressive price - FF3.80 (76 US cents), almost half the price of most other dailies. It used colour and lively presentation.

It had also taken an increasingly aggressive investigative - and sometimes caustic and anti-government - editorial line, which included generating a number of memorable scoops on improprieties in the public housing market in Paris over the last few months.

However, the precedents were not promising. InfoMatin was the fifth attempt at launching a generalist daily paper in France in the last two decades. All have failed. The last successful one - the left-leaning Liberation, set up in 1972 - is itself having considerable financial difficulties.

Even many of its more entrenched rivals, such as Le Monde and Le Figaro, are fac-

ing problems and restructuring. They have all suffered in the face of high and sharply rising production and distribution costs - notably for paper - as well as relatively low advertising expenditures.

InfoMatin had at least two additional problems. First, it was trying to break in to a shrinking market, which has seen the number of daily newspaper readers decline by 2m in 20 years, according to Mr Yves Agnes, head of the CFI, the journalists' training school in Paris. That partly reflects the rival lure of television, the regional press and a strong stable of weekly magazines.

Second, it chose a high-risk alternative. As Mr André Rousselet, the former television executive who became its publisher after an initial rescue a year ago, wrote on the front page: "Our price, format and colour cost us dear."

Mr Agnes also believes InfoMatin was under-capitalised. He says it would have needed several hundred million francs and perhaps five years to break into profit. It was given much less slack than that, and reported operating losses of FF64m in 1994 and FF66m last year.

There were also problems of management style. Mr Rousselet made great play in the last few days of the journalists' unwillingness to contribute to cost reductions by agreeing to reduce their annual holiday entitlement from more than eight weeks to five. Observer, Page 13

Pressure grows over Greek PM

By Kerin Hope in Athens

Greece's conservative opposition party, New Democracy, yesterday proposed a censure motion in parliament in an effort to increase pressure on Mr Andreas Papandreu, the prime minister, to resign.

Mr Miltiades Evert, the opposition leader, said deputies in the governing Panhellenic Socialist Movement should "face up to their responsibilities and put an end to the political vacuum" caused by the premier's prolonged illness.

Mr Papandreu, 76, is still on life-support machines after suffering kidney failure and secondary infections resulting from pneumonia in November. Doctors at the Onaseion Cardiac Hospital where he is being treated said yesterday that his condition was improving, but he was still using a respirator.

Mr George Papandreu, education minister and the prime minister's eldest son, has undertaken to persuade his

father to retire, but ruled out "any kind of ultimatum". At a first meeting yesterday, he told Mr Papandreu only that his seven-week absence had caused problems, Socialist officials said.

Greece's constitution calls for Pasok's 189 deputies to elect a new prime minister. Almost 100 deputies have sent letters to Mr Dimitris Beis, chairman of the parliamentary group, asking for procedures to be started as soon as possible.

Mr Costas Simitis, a former industry minister and a leading contender to succeed Mr Papandreu is among the deputies who want to end the uncertainty. The other frontrunner, defence minister Gerassimos Arsenis, has avoided taking a position on Mr Papandreu's resignation.

The constitution does not offer a way out of the present impasse, according to legal experts, because its wording on what to do in such a situation is unclear.

Crisis time in Germany's town halls

In Bonn, the city council tried switching off the traffic lights. Across the Rhine, in Königswinter and Bad Honnef, the authorities want to close public swimming pools. In Cologne, a few kilometres to the north, investment in school buildings and the underground railway system will be cut by more than 10 per cent this year.

Cuts like this in a small area of the Rhineland are symptomatic of financial problems for local authorities throughout Germany. "The situation is one of unprecedented gravity," says Mr Hanns Karrenberg, an economist at the Association of German Cities. "We are now in crisis."

The crisis in Germany's town halls is hitting the nation as a whole. Cuts in local jobs, services and investment are adding to the "feel bad" factor that is sapping the strength of Germany's already anemic economic upswing.

Sharply higher charges for rubbish clearance, sewerage and water, and kindergarten places are chipping away at families' disposable income and curbing consumption and retail sales. Yesterday, the central association of the German retail traders reported "extremely weak" sales by specialised retailers in November.

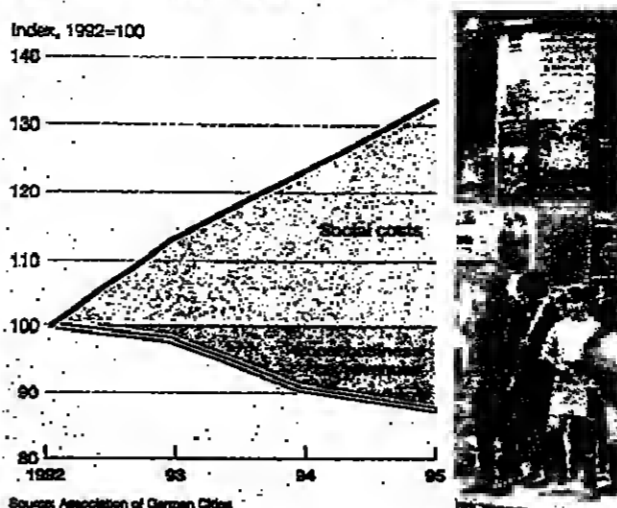
The scale of the problem is only partly reflected in official figures. The Bonn Finance

Ministry recently forecast a rise in the overall deficit of local authorities in western Germany to DM7bn (\$4.5bn) in 1996 from DM5.5bn in 1994, suggesting only a modest deterioration in their finances. The ministry even predicted a fall in the total deficit of eastern German municipalities, to DM5bn from DM5.7bn.

But, in contrast to Germany's state and federal governments, the borrowing powers of local authorities are strictly limited. As a result, the financial problems of towns and rural districts have been felt quickly in local communities as cuts in services or rising charges. Bonn's decision a few weeks ago to switch off 82 traffic lights to save a few thousand D-Marks was quickly reversed after a wave of protests. The average family in the capital will not be able to escape a 24 per cent rise in refuse disposal charges set for this year.

There is no doubt that Germany's local authorities are partly responsible for their present plight. Years of strong growth and buoyant local tax revenues encouraged heavy spending on expensive projects. Even if the neighbouring communities of Königswinter and Bad Honnef shut two swimming pools as planned, they will still have two others in operation. But with the economy weak,

German cities: cause of the crisis



Source: Association of German Cities

the structure of Germany's social security provision has meant that local authorities are caught in an especially vicious squeeze between falling

tax revenues and rising costs. Slow growth and business redundancies have meant a sharp rise in Germany's long-term unemployed. These are supported primarily by local authorities, which are responsible for social security payments (as opposed to the Federal Labour Office, which provides unemployment

DM51.5bn in 1995 and DM47.8bn in 1994. In eastern Germany, it is expected to rise to DM8.5bn from DM8bn in 1995 and DM6.2bn in 1994. In Cologne, social support payments are expected to total DM782m out of a 1996 budget of DM6.78bn.

At the same time, weak activity and increased corporate investment abroad have eroded revenues from local business taxes. Total local authority tax revenues fell 0.8 per cent to DM40.2bn in the first half of last year compared with the same 1994 period, according to the Federal Statistics Office. Significantly, income from local business taxes dropped in western Germany by nearly 5 per cent to DM17bn, while in the east it slumped by 27 per cent to just DM1bn.

These are global figures. There are substantial local and regional differences. Most cities are in worse financial straits than surrounding regions, because of the migration to the suburbs in recent years of more affluent families and the concentration of social problems in urban centres.

There are also large differences between the faster growing south of Germany and the old industrial north, as well as between local authorities in the richer western states and the impoverished municipalities of the former communist

east. According to Mr Karrenberg, many of Germany's cities are no longer able to solve their financial difficulties themselves.

Inevitably, the government in Bonn has become deeply involved with the problems of local government finance. Mr Theo Waigel, the finance minister, wants to abolish one of the taxes which is an important income source for the municipalities.

The local trading capital tax (*Gewerbesteuer*), which largely accrues to the municipalities and which companies have to pay irrespective of whether they make a profit, is that undermines Germany's international competitiveness.

But his favoured solution of financing local authorities through a share of value added tax will be especially difficult to achieve, as it will require a political deal between the federal government and the states, most of which are controlled by the opposition Social Democratic party.

It is just this sort of solution that Mr Karrenberg dreads. Germany's economic problems are only one reason for the cities' difficulties: just as serious have been "lousy compromises" brokered by state and federal politicians over the local authorities' heads.

Peter Norman

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Passing into history of a French enigma

Great statesman of a new Europe who managed to inspire both love and hate

François Mitterrand, who died yesterday at the age of 79, was one of the outstanding politicians of the post-war era...

Prisoner to president



circa 1940 Prisoner of war in Stalag IX



1942 Eye-to-eye with marshal Pétain, leader of Vichy France



1946 Addressing the National Federation of Prisoners of War and Deportees

As leader of France, Mitterrand retained a charisma rising above party politics...

At the same time, however, the personal reputation which he will carry into the pages of history...

He performed immense services for his country; but throughout his career he was deeply hated by political opponents...

At one level he was a great political reformer: his measures to devolve powers to the regions, departments and communes...

'Just think: for as long as young people aged 15 to 20 have been aware of their country's politics, they have never seen anyone but me [in power]. In their place, I would be rather weary' - 1993

socialism, and abandoned the Socialist party to invent a new future for itself. The comparison between Mitterrand and de Gaulle is almost unavoidable...

Mitterrand's European policy, however, was in stark opposition to that of de Gaulle. As a passionate nationalist, de Gaulle constantly asserted the claims of France against all comers.

But Mitterrand did continue one important strand of de Gaulle's European policy: the close alliance with Germany. But he did so for entirely different reasons...

This political consensus in turn appeared to have persuaded a large and consistent majority of the French people to acquiesce in Mitterrand's far-reaching federalist goals of economic and monetary union and political union.

The one aspect of French policy where Mitterrand remained an effective prisoner of the Gaullist heritage was defence. He repeatedly proclaimed the need for Europe to acquire its own defence identity.

He attempted to graft a defence dimension onto the bilateral Franco-German partnership, and he urged the extension of the EU into the defence field.

One probable reason for this double-track policy was the widespread belief that the long-standing French consensus of support for the national nuclear deterrent was conditional on a defence posture which stressed national independence.

interior and minister of justice. After the fall of the Fourth Republic in 1958, however, de Gaulle's accession to power ushered in a period of 23 years of conservative dominance on the French political scene...



1965 Promoting Franco-German relations with Chancellor Kohl



1994 Cutting the Channel Tunnel ribbon with Queen Elizabeth



1995 Congratulations for the re-elected president



1961 Promoting Franco-German relations with Chancellor Kohl



1994 Cutting the Channel Tunnel ribbon with Queen Elizabeth



1995 The last televised New Year's message as president

- 1916: Born west-central village of Jarnac into bourgeois, religious family; educated boarding school, then obtained law degree and politics diploma in Paris; initial career in law and journalism. 1939-45: Serves in French forces, wounded, captured by Germans but escapes into unoccupied Vichy France...

- 1962: National Assembly deputy. 1965: Runs for presidency, with support of FSIO (precursor of Socialists) and Communists, receiving 44.8 per cent of vote against de Gaulle. 1965-71: Leads successive federations of left-wing political groupings. 1974: Runs again for presidency, receiving 49.2 per cent of vote against Valéry Giscard d'Estaing. 1978-81: National Assembly deputy. 1981: Elected president, defeating Giscard d'Estaing with 52.2 per cent of the vote.

- 1986: Has to accept Jacques Chirac's conservatives in government after Socialists lose parliamentary elections. 1988: Re-elected president, defeating Chirac with 63.9 per cent of vote; calls parliamentary elections which return Socialists to government. 1991-92: Negotiates with European Community partners the Maastricht treaty on European Union; holds referendum on treaty, which just scrapes through; undergoes operation for prostate cancer. 1993: Appoints Edouard Balladur to head conservative government after Socialists lose parliamentary elections. 1994: Undergoes second operation. 1995: Dies, aged 79, at Paris office he occupied since leaving power in May, 1995.

Mitterrand's defence policy, even after the end of the cold war. Not the least remarkable feature of Mitterrand's career late in life, since he secured his first presidential election in his 65th year.

His primacy on the left became unquestioned after he had taken over the leadership of the emerging Socialist party in 1971, and was further reinforced the following year when he forged an electoral alliance and a joint programme with the Communist party.

This was the turning point, both for Mitterrand's career and for the balance of forces on the French political scene. For Mitterrand had understood that the moderate left in France was condemned to impotence so long as the voters were forced to choose between a collection of divided socialist or moderate centre-left parties and a large Communist party of Stalinist rigidity on the extreme left.

Only by negotiating an explicit alliance with the Communists, he reasoned, could the Socialists hope for an electoral victory; but in such an alliance, the Socialist party could draw votes both from the centre and from the Communists. So it turned out: from a peak of 22.5 per cent in 1967, the Communist vote declined steadily to under 10 per cent in 1986; whereas the Socialist vote rose from 20.8 per cent in 1973 to a peak of 37.3 per cent in 1981.

Mitterrand's original electoral programme. Very rapidly after his 1981 presidential victory, Mitterrand was fiercely criticised, mainly but not exclusively by the bourgeoisie and the conservative opposition parties, for his headlong introduction of a long catalogue of old-fashioned and intemperate socialist nostrums...

'France is our country, Europe is our future' - 1992

Weakened physically and politically, Mitterrand played a less combative role in his second cohabitation with a conservative government, partly because he picked the non-confrontational Edouard Balladur to head it. But Mitterrand was still far from a figurehead president in his last two years of office. Interfering little in domestic affairs, he continued to play a significant part in foreign and defence policy.

and irrefragable restraint, marked the beginning of Mitterrand's creative years of European statesmanship. The new economic priorities became the control of inflation and the improvement of French competitiveness to match that of Germany...

So by a paradoxical reversal of policy and fortune, it was a Socialist president who ushered the French economy into integration with the rest of Europe. He earned the respect of the international financial community for having successfully replaced a traditional French strategy of competitive devaluation with a strategy of a hard franc.

On May 8, 1995, speaking in Berlin on the 50th anniversary of the end of the war, Mitterrand gave Germany its absolution: 'They [ordinary Wehrmacht soldiers] accepted the loss of their lives for a bad cause [Nazism], but their gesture had nothing to do with that. They loved their country'

events, Mitterrand's waning years in the Elysée proved a more sombre epilogue. He underwent a first operation for prostate cancer in September 1992, to be followed by a second in July 1994, while his party's political health suffered badly, too.

In the March 1993 legislative elections, the combined Gaullist-Giscardian forces of the centre-right swept out of government a Socialist party whose economic policy was perhaps, in electoral terms, too rigidly in thrall to the austerity requirements of the distant goal of monetary union, and to whose perceived reputation for political corruption the president had contributed.

Mitterrand reacted by distancing himself from many in his party. This might have been a contributory factor in the suicide of his last socialist prime minister, Pierre Bérégovoy, a month after his defeat in the 1993 elections. But Mitterrand no longer felt so close to a party that in April 1995 came briefly under the control of his long-time rival, Mr Michel Rocard. The latter, however, came unstead when he led the Socialists in the June 1994 European Parliament elections to their worst defeat since the 1960s, scoring only 14.5 per cent of the vote.

NEWS: THE AMERICAS

Shutdown backlog delays US visa applications

By Richard Adams
There were long queues and delays yesterday for those seeking US visas as embassies reopened after a three-week shutdown.

an impasse between the White House and Republicans in Congress over the federal budget, will mean long waits for those needing to work or study in the US.

Mr Andrew Ferris, a British student waiting to renew his visa, said he was told by embassy staff: "We hope people will complain as much as possible so Congress gets to hear about this."

would be needed. So, embassies may close again before clearing the current visa logjam.

by yesterday morning. In Turkey, potential applicants were asked by the embassy in Ankara to wait a week, allowing staff a chance to clear the backlog.

Arzu leads Guatemala poll race

Pro-business candidate Mr Alvaro Arzu edged into the lead yesterday in Guatemala's presidential election, ahead of his populist rival Mr Alfonso Portillo, Reuters reports from Guatemala City.

With more than 90 per cent of the vote counted officially after the poll on Sunday, Mr Arzu led with 51.84 per cent, to 43.16 per cent for Mr Portillo.

Only 37 per cent of eligible Guatemalans voted in the second round run-off, kept away by bomb threats, dirty tricks and a disillusion with both candidates.

Mr Arzu began unveiling his plans for government yesterday, with promises to rein in the powerful army and respect human rights.

"We will not allow the army or any other nucleus of power in the country to act beyond their boundaries and the role for which they were created," he said.

He said his National Advancement Party (PAN) would immediately introduce a 180-day plan to tackle the soaring crime rate, a main concern of voters.

Mr Portillo, a lawyer and economist, said he was going to his native province of Zacapa to drink beer with his friends.

Argentina tackles 'Wal-Mart effect'

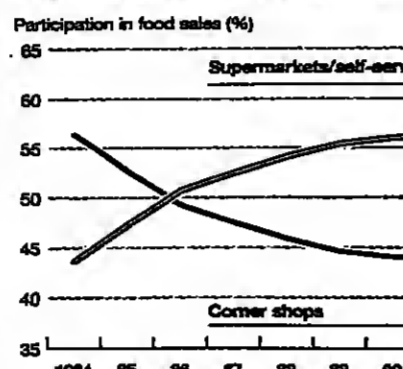
David Pilling finds that keen competition and low growth are raising unemployment

It is already being called the "Wal-Mart effect". The recent arrival of the US discount retailer, in a year of sharp recession, has encapsulated two important trends in the rapidly restructuring Argentine economy: industrial concentration and deflation.

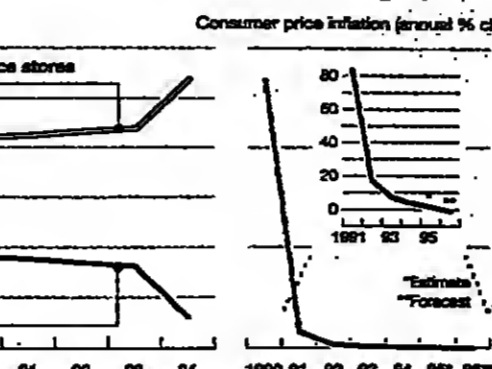
"How much is that?" is not a phrase one hears often in Buenos Aires. Most Argentines, whose sense of monetary value has been distorted by half a century of high inflation and an overblown sense of their own wealth, are not habitual comparative shoppers.

That is, until now. Last year's credit crunch, which caused gross domestic product to drop by an estimated 2.5 per cent, coupled with record unemployment, has made Argentine consumers very cautious.

Argentina: shopping around



Participation in food sales (%)



Consumer price inflation (annual % change)

rounded up to the nearest peso. Wages, too, have been falling in the public sector, the federal government - hit by declining tax revenue - cut the salaries of better-paid employees by up to 15 per cent.

Argentina since it liberalised its economy in the early 1990s, says Mr Fernando Navajas, of the FIEL economic think tank.

AMERICAN NEWS DIGEST

Strong growth for Brazil cars

Brazil's car industry yesterday announced another record year and industry leaders predicted further growth this year to confirm the country's position as one of the fastest growing car markets in the world.

Mexico 'recovering'
Mexico's economy "has begun to recover", according to Mr Jean-Claude Paye, secretary-general of the Organisation for Economic Co-operation and Development.

Trinidad ex-PM under pressure
Mr Patrick Manning, the leader of Trinidad and Tobago's opposition People's National Movement, is under increased pressure to resign after a rebellion led by the party's three deputy leaders.

Longer UN stay in Haiti
A UN multinational force which has been assisting local police in Haiti is likely to stay after its current mandate expires at the end of next month, following a request to the UN by Mr René Préval, Haiti's president-elect.

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INVITATION TO PORT CONSULTANTS
Gujarat Maritime Board invites Consultants of international repute to submit proposals to carry out feasibility studies for one or more of nine potential port sites.

CONTRACTS & TENDERS

CONTRACT FOR PAYMENTS PROCESSING SERVICE
The Employment Service is seeking to award a contract for the processing of a range of claims for payment within specified timescales and levels of accuracy.

EMPLOYMENT SERVICE
Serving People through Jobcentres
Department for Education and Employment

Manchester Airport
SPECIALIST RETAIL CONCESSIONS
Manchester Airport Plc invites interested parties to apply for tender documents for the operation of a retail unit situated in the Terminal 2 Public Concourse at Manchester Airport.

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Blow
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FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Tuesday January 9 1996

Double life, double legacy

It will take more than one generation of historians to settle François Mitterrand's rightful place in the history of France and of Europe. Seldom can a leader have dominated his country's politics for so long a period while leaving commentators divided and uncertain not only about the rightness of his policies but about the true stature of the man.

Having built his power on relentless opposition to the Fifth Republic, he proceeded, once elected president, to assume de Gaulle's mantle and all his constitutional powers. Like de Gaulle, he represented the state with a certain hauteur and sense of style, which bolstered the self-respect of many of his compatriots.

Labour's tune

The House of Commons returns today to a familiar political landscape. For all Mr John Major's appeals for unity, the Conservative party still appears bent on self-destruction. Divisions over Europe, the economy and the welfare state are robbing the government of strategic purpose.

ligned to the Labour leader over the past 18 months: the primacy of education as the route both to economic success and social cohesion, the need for partnership between government and industry, the importance of giving every citizen matching rights and responsibilities.

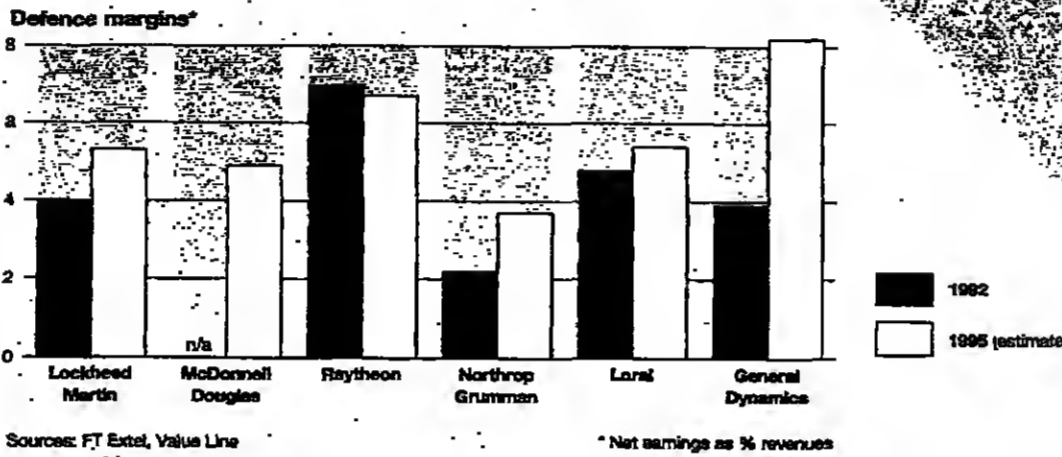
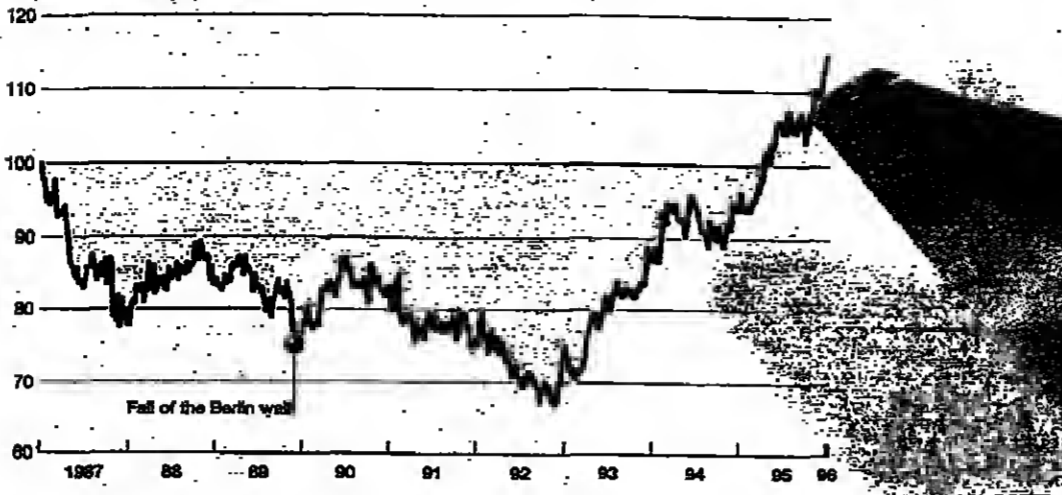
Cyberporn

The Minotaur of Greek mythology, half-man, half-bull, was imprisoned at the heart of a maze called the Labyrinth. Many have interpreted the fable as a metaphor for the uncivilised fantasies and urges buried in the human mind.

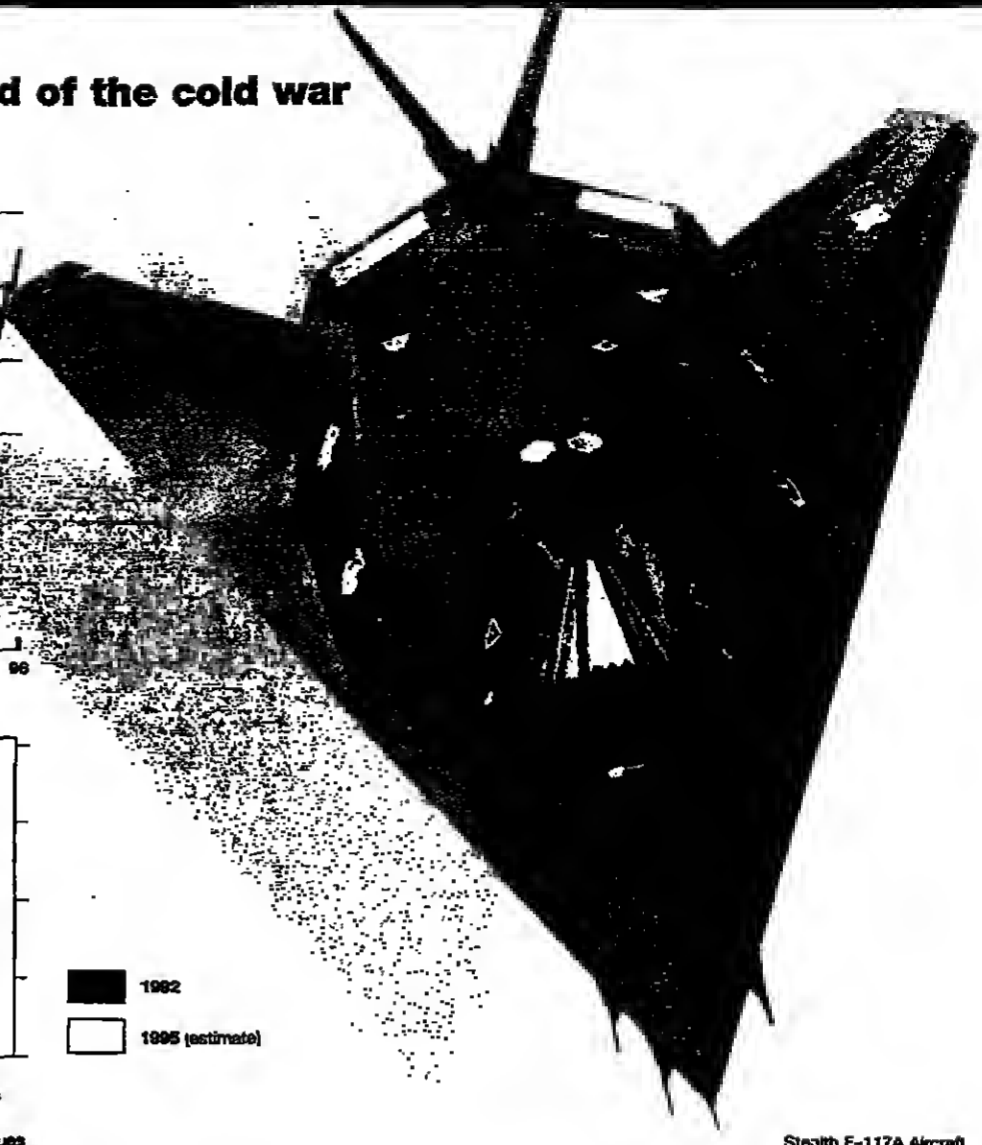
national standard of offensiveness: different cultures are bound to differ on this. At the same time, much material on the Net will offend many people. More or less any conceivable fantasy is represented somewhere, particularly as the scenes depicted may never have taken place, but may be simply an electronic montage.

US defence industry: undaunted by end of the cold war

S&P Aerospace/Defence Index Relative to the S&P composite



Sources: FT Extel, Value Line. *Net earnings as % revenues



From swords into cash
The rationalisation of the US defence industry is costing jobs but is proving very profitable for shareholders, says Tony Jackson

Seven years on, the US defence industry is still grappling with the end of the cold war. Its most drastic response, a series of giant mergers, is still in full swing. Last week came Northrop Grumman's \$3bn (£1.94bn) purchase of Westinghouse's defence business.

period of sharply dropping revenues for the industry as a whole. Loral's decision to sell itself to Lockheed Martin - by now established as the industry leader - is thus a stark illustration of the scale of the pressures the industry faces.

continued indefinitely. Sooner or later, workforces will be brought in line with reduced demand. And in some parts of the industry, such as airborne manufacture, there is no substitute for large, centralised plants.

risk on to the taxpayer through a system of cost-plus contracts. The majority of the old fixed-price contracts, struck on slim or zero margins, have now moved out of the expensive development stage and into the more profitable phase of production.

the bottom now, 10 years from now the US military has a very interesting problem in maintaining its size, based on elderly capital assets. Russia and China will have the same problem, and parts of Europe as well.

OBSERVER

Human garbage

What a time to go on strike. As New Yorkers struggled to work yesterday, they faced an additional hazard. Many of the janitors, maintenance workers and cleaners who keep New York's office buildings running have gone on strike.

Don't call us

So who said the Germans always do as they are told? Deutsche Telekom, which has just raised the price of phone calls by up to 156 per cent, has been rewarded with four rocks hurled through the window of its Kassel shop.

Diplomatic hitch

Just when it seemed that the row over Mohammed al-Massari, the Saudi dissident, was starting to run out of steam, there are rumours of discontent in Dominica, the tiny island in the West Indies which was supposed to be al-Massari's home away from home.

Schadenfreude?

InfoMatin, the spunky but less-making French tabloid daily, produced its final edition yesterday with a mournful 'Au revoir' front-page headline addressed to its dearly beloved but insufficiently numerous readers.

100 years ago

State of revolution declared New York: 'The World' publishes a telegram from Caracas stating that Venezuela has been formally declared in a state of revolution, and that the Government asks the Legislature to sanction a Decree making secret communications with foreign Governments punishable by death, as an act of treason.

Costa del Arctic
David Hempleman-Adams, the Brit who has just completed his chilly solo and unsupported walk to the South Pole, is expected to be looking forward to a pint of beer and fish and chips. But he'll have to suffice with the Tasmanian

INTERNATIONAL COMPANIES AND FINANCE

Indonesian shoppers prepare to play the credit card

Increasing affluence is encouraging consumers to switch to using plastic, writes Manuela Saragosa

The virtues and vices of credit cards were featured on a Jakarta radio show recently. The programme highlighted the fact that the cards are a new phenomenon for most of Indonesia's 190m people, but that, because of increasing affluence, the credit card industry is on course for rapid expansion.

There were just 1.1m credit cards outstanding in Indonesia in 1994, of which about half were linked to the Visa network. That compares with Japan, for example, where there are more than 110m.

Again hotting up, and will be welcomed by Indonesian card users since cash on credit is still very expensive relative to neighbouring markets.



Cash still king - but more shoppers are using credit cards

lack of experienced personnel in the credit card business. People didn't know the nature of the risks they were entering into," says one executive at an Indonesian bank.

to photograph each applicant's house, check the value of his or her belongings and talk to his or her employers.

of capital flight. In any case, "there are probably bigger priorities for the central bank to address," says Mr Roy Tan Hardy, director of marketing and sales at American Express in Jakarta.

Most banks have in-house debt collectors, but many are hiring third parties to do the work. "If you kick some chairs about, of course it helps," says one executive.

NEWS DIGEST

Alcoa shares slip as results disappoint

Aluminum Company of America (Alcoa), the world's largest aluminium producer, reported fourth-quarter earnings of \$150.9m, or 85 cents a share, up from \$67.8m, or 38 cents, in the same 1994 quarter.

World chip sales surge 40%

World semiconductor sales surged to \$185bn in 1995, up 40 per cent over the previous year, according to preliminary data released yesterday.

Mitsubishi Electric bullish

Mitsubishi Electric, one of Japan's leading electricity machinery makers, yesterday attributed an upward revision of its parent earnings forecast for this fiscal year to the yen's fall against the dollar, strong sales of semiconductors and mobile communications equipment, and cost cutting.

French deal for Jacobs

Jacobs Engineering Group of the US is to purchase 49 per cent of the engineering and construction operations of France's Serete Group.

New audit chief at Salomon

Salomon Brothers, the US investment bank, said yesterday that Mr Simon Lorne would become director of internal audit this month.

CME and CBoT in talks on merger

Chicago's two big financial futures exchanges - and longtime rivals - are discussing a merger. Although talks between the chairmen of the Chicago Board of Trade and the Chicago Mercantile Exchange have so far been informal, a special task force report to the CBoT Board of Directors strongly endorsed the merger as a means of cutting costs at both exchanges.

Cemex concludes \$430m share swap deal

operations - bringing its control of Tolmex to 99 per cent. Each Tolmex share will be exchanged for 1.36 shares in Cemex.

increases international exposure for shareholders. Tolmex stock had become undervalued following Cemex's 1992 expansion into Venezuela, in part because of concerns about Tolmex cash flows being used to help other Cemex subsidiaries.

in September last year to a level in the mid-forties by the end of 1996.

operations represented only about 38 per cent of Cemex's total revenues in 1995, and the company expects a similar proportion this year.

accounting methods favoured by the Insurance and Superannuation Commission, the industry regulator.

Sharp turnaround lifts Air Jamaica's world-class aspirations

The Caribbean carrier's expansion plans are hampered by differences between regulatory bodies, writes Canute James

Close to the entrance to Kingston's airport is an Airbus A-310, freshly painted in Air Jamaica's colourful livery. It is the first of 12 Airbuses the airline is acquiring in the next 12 months but the aircraft has been grounded for several weeks.

from the government, which assumed all the liabilities. The company is now making a profit but has not revealed figures.

Such is the extent of the turnaround in the company's fortunes that the new fleet is being acquired from its cash flow, Mr Norton said. All aspects of the operation, such as load factors and yields, are improving.



Air Jamaica plans to replace its Boeing 727s by the end of the year

in Air Jamaica, now we cannot keep them away," he said.

As well as the fluctuations inherent in the tourist business the airline faces tough competition in the shape of American Airlines on the routes between the US and Jamaica.

EURO MEDIUM TERM NOTE OF SOCIETE GENERALE SOCIETE GENERALE ACCEPTANCE NV AND SOCIETE GENERALE AUSTRALIA LIMITED

LEGAL NOTICES NOTICE OF A MEETING OF CREDITORS UNDER SECTION 230(1) OF THE PROVISIONAL LIQUIDATION ACT 1986

ENERGY INTERNATIONAL N.V. Registered Office: Pterentstraat 15, Willemstad, Curaçao, Netherlands Antilles

NOTICE TO THE BONDHOLDERS OF U.S.\$300,000,000 8% per cent. Guaranteed Bonds due 2001

Notice of Redemption Gujarat Ambuja Cements Limited U.S.\$80,000,000 3 1/2 per cent. Convertible Bonds due 1999

COMMODITIES AND AGRICULTURE

UK faces £14m fine over late farm cheques

By Alison Maitland
The UK agriculture ministry faces financial penalties from Brussels amounting to about £14m because of a delay in paying arable farmers their annual subsidy cheques.

nearly 8,000 of 46,000 arable farmers claiming aid in England. The payments are due between mid-October and the end of December, but problems with new computer software at the ministry's regional offices meant 17 per cent of cheques had still not been sent out by last year's end-December deadline.

The ministry said yesterday it was also considering paying compensation to farmers who did not receive their cheques by the end-of-year deadline because of computer problems. Farmers' leaders have demanded interest on the late cheques, which are affecting

26 per cent in February. The ministry expects payments to total £1.1bn, of which £190m could still be awaiting disbursement. The first 4 per cent of delayed payments is exempt from penalty, leaving 13 per cent subject to the Brussels fines. The ministry could thus face a bill of about £14m if all payments were made this month, and more if some farmers' cheques had to wait until February. Officials expect all but the most complicated claims to have been dealt with by the

end of this month. Sir David Nash, president of the National Farmers' Union, has called on farm minister Mr Douglas Hogg to pay interest on the late cheques. "Maff's failure to make payments in good time undermines our ability to compete, particularly when virtually all French producers received their cheques by the middle of October," he said. Union members have reported that their cash flow and decisions on crop sales have been disrupted. "The Tenant Farmers' Association, which represents over 8,000 producers, said some of its members were paying bank interest on cash they had to borrow to pay their tax bills or rent falling due at the end of December.

Labrador nickel find may be even bigger than thought

By Bernard Simon in Toronto

Confidence is growing that the vast Voisey's Bay nickel, copper and cobalt discovery in eastern Labrador is even bigger than previously indicated. However, plans to bring a mine into production by mid-1998 appear to be slipping, and the start-up is more likely to be in 1999 or 2000.

Mr Cliff Carson, president of Diamond Fields Resources, which controls the deposit, said yesterday that the current target was "a very aggressive time-frame" that had "a good chance of not being met". The Newfoundland and Labrador government has said that approval for the mine will be conditional on construction of a smelter in the province. Diamond Fields released new geological data that reinforced indications of another large deposit in an area known as the Eastern Deeps, about 1km east of the original Ovoid discovery. According to the company, recent drilling suggests

that the Eastern Deeps "is one of the most important orebodies discovered in Canadian history". The company now estimates that reserves at Voisey's Bay total about 100m tonnes, up from 50m tonnes as recently as mid-1995. A feasibility study, now under way, may consider raising nickel output "well in excess" of the current plan of 130m lb a year, which equals 7 per cent of 1996 world nickel supplies.

Mr Ray Goldie, analyst at Richardson Greenfields in Toronto, said that the project was "living up to expectations". But he added that further details on grades and costs were needed from the Eastern Deeps and a third area, known as the Western Extension, to evaluate the full significance of the deposit. Diamond Fields said that Eastern Deeps appeared to contain reserves of at least 50m tonnes. The deposit begins at a depth of 650 metres, which would require an underground mine. The main Ovoid deposit is close to the surface. However, Mr Carson said that mining costs in the Eastern Deeps were also expected to be relatively low.

Pakistan picks bumper cotton crop

Growers are enjoying a respite from recent severe pest attacks, writes Farhan Bokhari

Signs of recent prosperity are evident near Multan, the city with a reputation of being Pakistan's cotton capital. At nearby villages, as farmers fill their tractors with raw cotton, to be towed behind tractors to the local cotton market, only one thought is on their minds. At a time when Pakistan is expecting a bumper cotton harvest of up to 10m bales, 28 per cent higher than last year's, many growers are anxious to sell their crop before prices in a rock bottom.

Even at lower prices, the cotton growers hope to make a profit and turn around losses accumulated from three consecutive years in which they suffered crop damages caused by pest attacks. The cotton news from Multan has been a source of strength for the government in Islamabad, which is under pressure to turn around recent falls in foreign exchange reserves and other troubling economic indicators, such as rising inflation and a widening trade deficit.

A good cotton crop could bring welcome relief. Almost 60 per cent of Pakistan's export income has usually come from cotton products. Moreover, there have also been reports that up to 2m

protects cotton plants from insects, will be available to farmers this year. "Biotechnology" will take something close to centre stage this year," Mr O.A. Cleveland of Mississippi State University, told the Reuters news agency. Also on the programme are production and price projections and outlook reports from the private sector and government agencies.

reputation of being corrupt. Mr Ahmed is convinced that "if one or two people are imprisoned, the adulteration will disappear from this country". Other concerns relate to the rising costs of agricultural production, mainly resulting from increased prices of chemical fertilisers and diesel. Some experts say that the recent devaluation of the Pakistani Rupee is going to hit cotton growers when next season's crop is sown in the summer and that farmers will find fertilisers, diesel and equipment still more expensive by then.

US blizzards push up oil prices

By Robert Corzine

Blizzards in the eastern US caused oil prices to rise sharply yesterday, with many traders speculating that a prolonged period of bad weather could underpin short-term prices. In late London trading the price of the benchmark Brent Blend price for February delivery rose to \$19.23 a barrel, up 18 cents from Friday's close and just under the 1995 and 1994 highs of \$19.38 and \$19.41 respectively. Many traders thought the price rise was likely to prove temporary, however. "It's a blip," said Mr Peter Gignoux, head of the energy desk at a London office of US brokers Smith Barney. "But it could last throughout the winter if the cold weather continues."

held by US refiners. Many have introduced "just-in-time" stock management systems over the past year as part of cost-reduction programmes. The International Energy Agency says structural changes to the economies of six big Middle Eastern oil producers should enable them to finance a "considerable expansion" of their oil and gas production capacity in coming years. The Paris-based agency, which monitors world energy developments for the western industrialised countries, says the structural changes taking place should also lead to greater foreign investment in the economies of Iran, Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates, which together account for 42 per cent of the world's trade in oil.

COMMODITIES PRICES

BASE METALS

Table with columns: Metal, Price, Change, High, Low, Open. Includes Aluminum, Copper, Zinc, Lead, Tin, Nickel, Silver, Gold.

Precious Metals continued

Table with columns: Metal, Price, Change, High, Low, Open. Includes Platinum, Palladium, Silver, Gold.

GRAINS AND OIL SEEDS

Table with columns: Commodity, Price, Change, High, Low, Open. Includes Wheat, Corn, Soybeans, Barley, Maize.

SOFTS

Table with columns: Commodity, Price, Change, High, Low, Open. Includes Cocoa, Coffee, Sugar, Rubber.

MEAT AND LIVESTOCK

Table with columns: Commodity, Price, Change, High, Low, Open. Includes Live Cattle, Live Hogs, Pork Bellies.

ENERGY

Table with columns: Commodity, Price, Change, High, Low, Open. Includes Crude Oil, Heating Oil, Natural Gas.

PRECIOUS METALS

Table with columns: Metal, Price, Change, High, Low, Open. Includes Gold, Silver, Platinum, Palladium.

FUTURES DATA

Table with columns: Commodity, Price, Change, High, Low, Open. Includes Wheat, Corn, Soybeans, Sugar, Coffee, Rubber.

MARKETS CLOSED

Table with columns: Commodity, Price, Change, High, Low, Open. Includes S&P 500, Nikkei, DAX, FTSE 100.

INDICES

Table with columns: Index, Price, Change, High, Low, Open. Includes S&P 500, Nikkei, DAX, FTSE 100.

JOTTER PAD

Table with columns: Commodity, Price, Change, High, Low, Open. Includes Live Cattle, Live Hogs, Pork Bellies.

CROSSWORD

Crossword puzzle grid with clues for Across and Down.

LONDON SPOT MARKETS

Table with columns: Commodity, Price, Change, High, Low, Open. Includes Crude Oil, Heating Oil, Natural Gas, Gas Oil, Heavy Fuel Oil.

Solution to Saturday's prize puzzle on Saturday January 20. Solution to yesterday's prize puzzle on Monday January 22.

INTERNATIONAL CAPITAL MARKETS

Flood of new issues continues

By Conner Middelmann

Last week's flood of eurobond issues did not abate yesterday, with another slew of deals, including two Mexican issues and two UK corporate offerings, hitting the screens.

La Moderna, became the first Mexican corporate to tap the international bond market since the 1995 peso devaluation.

INTERNATIONAL BONDS

The highlight in the dollar sector, however, was a \$500m 10-year bond for Glaxo Wellcome, the world's largest pharmaceutical group.

are no current plans for any further major bond issuance. Last May, Glaxo Wellcome issued \$500m of five-year bonds and \$500m of 10-year bonds.

At the 99.83 re-offer price, the discounted margin on the bonds was some 4 basis points over Libor and the spread widened out in later trading to about 7 points.

issuers - banks and financial institutions - are generally flush with cash; indeed, some have bought back outstanding issues. This has caused yield spreads to narrow sharply.

margin of 16.5 basis points over the US Student Loan Marketing Association via Yamachi targeted at Japanese retail investors.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Amount m, Coupon, Price, Maturity, Fee %, Spread bp, Book runner. Lists various international bond issues from countries like Argentina, Brazil, and Mexico.

the French franc sector for FF1bn of 12-year bonds via Société Générale while Bank Austria issued \$250m of one-year paper in the South African rand market via Hambros Bank.

also saw a \$1.05bn bond for the US Student Loan Marketing Association via Yamachi targeted at Japanese retail investors.

slowly growing and easing inflationary pressures. On Thursday, German GDP figures are expected to show a decline for the fourth quarter of 0.5 per cent.

Moroccan privatisation bonds

By Rouda Khelef

After fighting a six-month battle with the ministry of finance, Mr Abderrahmane Saadi, Morocco's privatisation minister, finally had his way and yesterday began issuing privatisation bonds.

To encourage conversions during privatisations, bondholders will be given priority over other investors. The bonds will be traded on the official market at the Casablanca stock exchange from January 28.

Foreign institutional investors have a small window of participation. At least 70 per cent of the issue is aimed at individual investors, with priority then given to the eight local mutual funds before other institutions.

Volumes hit by blizzard in New York

By Lisa Branstetter in New York and Richard Lapper in London

US Treasuries were flat in thin trading yesterday as traders were kept at home by the blizzard that paralyzed much of the east coast.

GOVERNMENT BONDS

Economists and traders expect the government to resume releasing economic data later this week. No official data has been produced since late December because the government was partially shut amid wrangling over how to balance the budget.

FT-ACTUARIES FIXED INTEREST INDICES

Table showing fixed interest indices for UK Gilt, US Treasury, and other government bonds, including columns for price, yield, and duration.

FT FIXED INTEREST INDICES

Table showing fixed interest indices for various international markets, including Australia, Canada, and Germany.

WORLD BOND PRICES

Table of benchmark government bonds for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, and US Treasury.

UK NATIONAL UK GILT FUTURES (LFFE) £50,000 Notional of 100%

Table of UK National UK Gilt Futures prices and movements.

US NATIONAL SPANISH BOND FUTURES (MEFF)

Table of US National Spanish Bond Futures prices and movements.

US INTEREST RATES

Table showing US interest rates for Treasury Bills and Bond Yields across various maturities.

BOND FUTURES AND OPTIONS

Table of bond futures and options for France, Germany, and Japan, including price, bid, offer, and change.

UK GILTS PRICES

Table of UK Gilts prices for various maturities, including 10-year, 15-year, and 20-year bonds.

UK NATIONAL UK GILT FUTURES (LFFE) £50,000 Notional of 100%

Table of UK National UK Gilt Futures prices and movements.

US NATIONAL SPANISH BOND FUTURES (MEFF)

Table of US National Spanish Bond Futures prices and movements.

FT/ISMA INTERNATIONAL BOND SERVICE

Large table of international bond service listings, including US Dollar, Euro, and other international bonds with columns for issuer, amount, coupon, price, maturity, and book runner.

High-yield bond funds increase in popularity

By Antonio Sharpe

Falling interest rates, economic weakness and controlled inflation increased the popularity of bond-based funds in high-yielding European countries in November.

By contrast, net redemptions from bond-based funds in France continued, reaching FF10.7bn, the largest monthly outflow in 1995.

CURRENCIES AND MONEY

MARKETS REPORT

Snow and budget talks place freeze on dollar

By Philip Gawth

The severe blizzards on the US East coast and continued uncertainty over the budget process were yesterday sufficient to throw a wet blanket over foreign exchange trading.

With the budget process still unresolved, there was little reason to expect the dollar to break out of the recent fairly narrow ranges against the D-Mark. This tendency was only aggravated by the foul weather in the US which prevented many traders making it to their desks, severely inhibiting activity in the New York markets.

The dollar finished in London at DM1.4403, from DM1.4275. Against the yen, it closed at Y105.28, from Y104.855.

In Europe, the lira benefited from comments by Mr Lamberto Dini, the caretaker prime minister, saying he would not offer his resignation later this week. It finished at L1,036

against the D-Mark, from L1,039. Sterling had an uneventful day, closing at DM2.2322 against the D-Mark, from DM2.2319, and at \$1.5499 against the dollar, from \$1.5527.

The market remains possessed of a vague optimism about the prospects for the dollar, but the likelihood of any sharp move ahead of a conclusive budget deal is slim.

With the dollar range-bound against the D-Mark, and taking a breather against the yen after last week's sharp move, focus shifted towards the D-Mark/yen cross rate. Yesterday it reached an intra-day high of Y78.3, close to the 1995 peak of Y78.4.

Mr Tony Norfield, UK treasurer, said that although the year's weakening from a peak of Y58.7 in early 1995 appeared dramatic, it was less so when seen against the context of Y98.3 in August 1992.

He pointed out that in terms of technical analysis, Y74 represented a 50 per cent retracement of the downward move from Y98 to Y58.7.

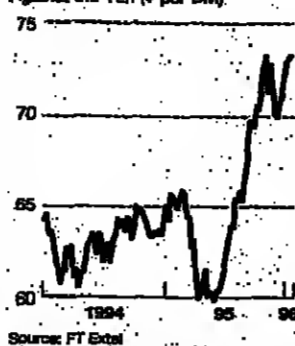
The question now facing markets is whether the D-Mark or the dollar has more upside against the yen. Some light should be shed on this question this week, which sees the release of some key data about the German economy. If, as some expect, the data show the economy to be very weak, this could enhance the recent trend towards a D-Mark/yen cross rate.

Many economists believe that an overvalued D-Mark is acting as a serious drag on German growth.

A recent survey of chief dealers by the London based Foreign Exchange Letter found

D-Mark

Against the Yen (¥ per DM)



Source: FT Econ

provide a picture of stability which will be good for Italian assets, especially considering the high yields they offer, which in turn should bolster the lira.

Mr Giorgio Radaelli, international economist at Lehman Brothers in London, believes the lira's performance against the D-Mark has become increasingly dependent in recent years on the dollar's performance against the D-Mark. A strong dollar helps the lira, and vice-versa. Lehman expects a stronger dollar for most of the year.

Mr Radaelli cites another three reasons why the lira may perform well. First, on purchasing power parity, or fair value, estimations, he believes the lira is undervalued by around 15 per cent against the D-Mark.

Second, a similar message is conveyed by the sharp turnaround in the Italy-German trade balance. Between 1985 and 1992 this posted an average

deficit of L.6.5 trillion. This balance has swung to a surplus of L.6.7 trillion in the last three years.

Third, taking account of relative GDP and price competitiveness variables, the lira exchange rate ought to be at least 25 per cent stronger than it is today if current account balance is to be achieved.

Mr Radaelli said history suggested Italy's "ultra-competitive" situation would not endure, with either a jump in inflation, or currency appreciation, eroding the current advantage. He pumps for the latter, saying that a 10 per cent appreciation, or target of L1,000 over the next 18 months, seems a good medium term target.

OTHER CURRENCIES

Table with columns for currency, closing price, change, and other metrics.

POUND SPOT FORWARD AGAINST THE POUND

Table showing pound spot and forward rates against various currencies.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing dollar spot and forward rates against various currencies.

CROSS RATES AND DERIVATIVES

Table showing cross rates and derivatives for various currencies.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

UK INTEREST RATES

Table showing UK interest rates for various terms.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates.

D-MARK FUTURES (MM) DM 125,000 per DM

Table showing D-Mark futures prices and movements.

JAPANESE YEN FUTURES (MM) Yen 12.5 per Yen 100

Table showing Japanese Yen futures prices and movements.

STERLING FUTURES (MM) SF 125,000 per SF

Table showing Sterling futures prices and movements.

SWISS FRANC FUTURES (MM) SF 125,000 per SF

Table showing Swiss Franc futures prices and movements.

PHILADELPHIA 30/36 OPTIONS (MM) \$1m points of 100%

Table showing Philadelphia 30/36 options prices.

THREE MONTH EURO/DOLLAR FUTURES (LIFE) \$1m points of 100%

Table showing three month Euro/Dollar futures prices.

BASE LENDING RATES

Table showing base lending rates for various banks.

THREE MONTH EURO/DOLLAR FUTURES (LIFE) \$1m points of 100%

Table showing three month Euro/Dollar futures prices.

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THREE MONTH EURO/DOLLAR FUTURES (LIFE) \$1m points of 100%

Table showing three month Euro/Dollar futures prices.

WORLD INTEREST RATES

Table showing world interest rates for various countries and currencies.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various currencies.

THREE MONTH EURO/DOLLAR FUTURES (LIFE) \$1m points of 100%

Table showing three month Euro/Dollar futures prices.

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Advertisement for FT Guide to World Currencies, published in Monday's newspaper.

Advertisement for Berkeley Futures Limited, 38 Dover Street, London W1X 3SB.

Advertisement for Market-Eye, offering 24-hour foreign exchange services.

Advertisement for 24HR FOREX, offering 24-hour foreign exchange services.

Advertisement for Trend Analysis Ltd, offering daily analysis and trading recommendations.

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LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing alcoholic beverage companies and their share prices.

BANKS, MERCHANT

Table listing merchant banks and their share prices.

BANKS, RETAIL

Table listing retail banks and their share prices.

BREWERIES, PUBS & REST

Table listing breweries, pubs, and restaurants.

BUILDING & CONSTRUCTION

Table listing building and construction companies.

BUILDING MATS. & MERCHANTS

Table listing building materials and merchants.

BUILDING MATS. & MERCHANTS - Cont.

Continuation of building materials and merchants table.

CHEMICALS

Table listing chemical companies.

DISTRIBUTORS

Table listing distributors.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies.

ELECTRICITY

Table listing electricity companies.

ELECTRONIC & ELECTRICAL EQPT

Table listing electronic and electrical equipment companies.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of electronic and electrical equipment table.

ENGINEERING

Table listing engineering companies.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies.

ENGINEERING, VEHICLES

Continuation of engineering and vehicle table.

EXTRACTIVE INDUSTRIES

Table listing extractive industries companies.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of extractive industries table.

FOOD PRODUCERS

Table listing food producers.

GAS DISTRIBUTION

Table listing gas distribution companies.

HEALTH CARE

Table listing health care companies.

HOUSEHOLD GOODS

Table listing household goods companies.

HOUSEHOLD GOODS - Cont.

Continuation of household goods table.

INSURANCE

Table listing insurance companies.

INVESTMENT TRUSTS

Table listing investment trusts.

Table listing investment trusts (continued).

INVESTMENT TRUSTS - Cont.

Continuation of investment trusts table.

INVESTMENT TRUSTS - Cont.

Continuation of investment trusts table.

INVESTMENT TRUSTS

Table listing investment trusts.

INVESTMENT TRUSTS

Table listing investment trusts.

INVESTMENT TRUSTS - Cont.

Continuation of investment trusts table.

INVESTMENT TRUSTS

Table listing investment trusts.

INVESTMENT TRUSTS

Table listing investment trusts.

Vertical text on the right edge of the page, possibly a page number or reference.

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table of investment trusts split capital with columns for Name, Price, and Change.

LEISURE & HOTELS - Cont.

Table of leisure and hotels companies with columns for Name, Price, and Change.

OTHER FINANCIAL - Cont.

Table of other financial companies with columns for Name, Price, and Change.

PROPERTY - Cont.

Table of property companies with columns for Name, Price, and Change.

SUPPORT SERVICES - Cont.

Table of support services companies with columns for Name, Price, and Change.

AMERICANS - Cont.

Table of American companies with columns for Name, Price, and Change.

OTHER INVESTMENT TRUSTS

Table of other investment trusts with columns for Name, Price, and Change.

LIFE ASSURANCE

Table of life assurance companies with columns for Name, Price, and Change.

PAPER, PACKAGING & PRINTING

Table of paper, packaging & printing companies with columns for Name, Price, and Change.

RETAILERS, FOOD

Table of retailers and food companies with columns for Name, Price, and Change.

TELECOMMUNICATIONS

Table of telecommunications companies with columns for Name, Price, and Change.

CANADIANS

Table of Canadian companies with columns for Name, Price, and Change.

INVESTMENT COMPANIES

Table of investment companies with columns for Name, Price, and Change.

OIL EXPLORATION & PRODUCTION

Table of oil exploration & production companies with columns for Name, Price, and Change.

PHARMACEUTICALS - Cont.

Table of pharmaceuticals companies with columns for Name, Price, and Change.

RETAILERS, GENERAL - Cont.

Table of general retailers companies with columns for Name, Price, and Change.

TRANSPORT

Table of transport companies with columns for Name, Price, and Change.

SOUTH AFRICANS

Table of South African companies with columns for Name, Price, and Change.

LEISURE & HOTELS

Table of leisure and hotels companies with columns for Name, Price, and Change.

OTHER FINANCIAL

Table of other financial companies with columns for Name, Price, and Change.

PROPERTY

Table of property companies with columns for Name, Price, and Change.

SUPPORT SERVICES

Table of support services companies with columns for Name, Price, and Change.

WATER

Table of water companies with columns for Name, Price, and Change.

AMM

Table of AMM companies with columns for Name, Price, and Change.

MAPPIN & WEBB advertisement featuring a Rolex watch and text: 'Can you honestly say you haven't earned one?'.

TOBACCO

Table of tobacco companies with columns for Name, Price, and Change.

TRANSPORT

Table of transport companies with columns for Name, Price, and Change.

WATER

Table of water companies with columns for Name, Price, and Change.

AMM

Table of AMM companies with columns for Name, Price, and Change.

AMM

Table of AMM companies with columns for Name, Price, and Change.

GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service followed by FT Data, a member of the Financial Times Group. Company classification is shown on these used for the FT-SE 100. Details of the service are available on request.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4376 for more details.

Table listing various fund categories such as 'Charmante SA', 'North Lynch Asset Management - Cont.', and 'Global Asset Management - Cont.' with columns for fund names and prices.

Table listing 'Offshore Insurances' with columns for insurance names and prices.

Table listing 'Other Offshore Funds' with columns for fund names and prices.

Table listing 'Global Asset Management - Cont.' with columns for fund names and prices.

Table listing 'Magellan Emerging Mkts Mgmt (Jersey) Ltd' with columns for fund names and prices.

Table listing 'Replicable Funds' with columns for fund names and prices.

Table listing 'Replicable Funds' (continued) with columns for fund names and prices.

Table listing 'Replicable Funds' (continued) with columns for fund names and prices.

Table listing 'Replicable Funds' (continued) with columns for fund names and prices.

MANAGED FUNDS NOTES: Please refer to general information... This is a list of notes and disclaimers regarding the fund service.

LONDON STOCK EXCHANGE

MARKET REPORT

Equities braced for another bout of bid action

By Steve Thompson, UK Stock Market Editor

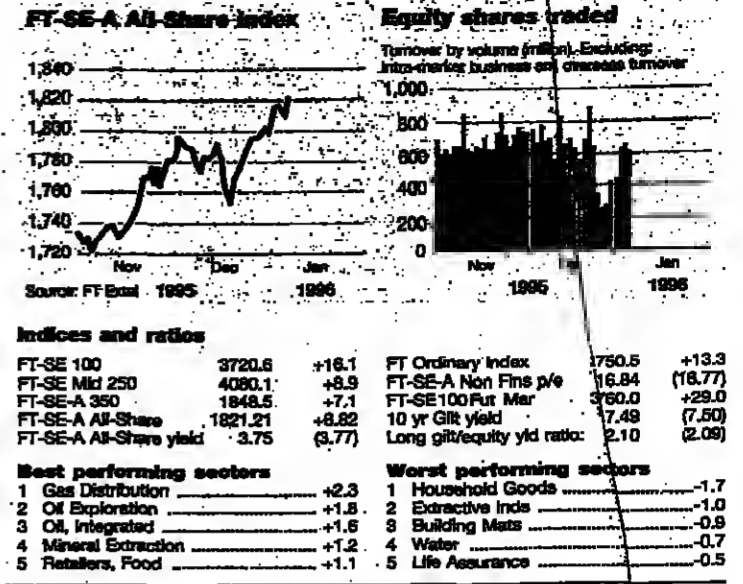
Hopes that an expected increased offer for Forte, the hotels and leisure group, from Granada may be the first of a fresh series of big bids in the UK helped to drive the main market indices to all-time closing highs yesterday.

The bid speculation, coupled with increasing optimism that a settlement of the long drawn out US budget impasse may be imminent, saw the FT-SE 100 index end the session a net 16.1 higher at 3,720.6 and the FT-SE Actuaries All-Share index hit a record 1,821.21 for a rise of 6.82.

The market's concentration on the leaders meant that the second line stocks were slightly less impressive, although the FT-SE Mid 250 managed a rise of 8.9 at 4,090.1.

Sharply after trading began yesterday, the Dow jumped 25 points, before slipping back to show a 7-point gain and then rallying again to display a 12-point advance two hours into the session.

Enterprise Oil led the oil pack, helped by a forecast upgrade from one of the market's leading brokers, while there were impressive performances from BP and Shell, as well as from all the smaller exploration stocks.



Weather boost for oils

The big freeze in the US has warmed the hearts of investors in the oil sector. As the cold weather sucks up oil stocks, it has pushed the price of Brent crude to the edge of a three-year high.

Analysts said positive sentiment was driving the whole sector forward. However, dealers said yesterday that the stronger than anticipated defence from Forte now meant that the odds were now slightly in favour of it escaping the clutches of its predator.

Shares in Forte finished a penny lower at 344p, while those of Granada closed the session at 634p ex-dividend. Analysts were taking the pickaxe to forecasts for Redland after the building materials group warned of declining profits.

RMC generates about half its profits, there were hints in a German newspaper yesterday that the government might be easing back on its drive to withdraw tax benefits.

Shares in the UK's leading hotels and leisure group, Forte, are being sought by Granada, which had been bit by political uncertainty and industrial disruption.

London market data: Shares and falls, FTSE 100, FTSE Mid 250, FTSE-Actuaries All-Share. Indices show gains across the board, with FTSE 100 reaching a record high.

However, Ms Irene Himons of SGST cautioned that the price rise was unlikely to last. "On the supply side, Opec is still over-producing," she said.

Redland hit: Analysts were taking the pickaxe to forecasts for Redland after the building materials group warned of declining profits.

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London market data: Shares and falls, FTSE 100, FTSE Mid 250, FTSE-Actuaries All-Share.

Shares in the UK's leading hotels and leisure group, Forte, are being sought by Granada, which had been bit by political uncertainty and industrial disruption.

London market data: Shares and falls, FTSE 100, FTSE Mid 250, FTSE-Actuaries All-Share.

FUTURES AND OPTIONS

Table of futures and options prices including FT-SE 100 INDEX FUTURES, FT-SE MID 250 INDEX FUTURES, FT-SE 100 INDEX OPTION, and EURO STYLE FT-SE 100 INDEX OPTION.

MARKET REPORTERS

Peter John, Joel Kibizzo. Source: FT, Reuters, Bloomberg.

TRADING VOLUME

Table of major stock trading volume including BT, British Airways, British Telecom, British Petroleum, British Airways, British Airways, British Airways.

FT GOLD MINES INDEX

Table of FT Gold Mines Index with columns for Gold Mines Index, % change, and prices for various gold mining companies.

The UK Series

Large table titled 'The UK Series' listing various FT-SE Actuaries All-Share indices (e.g., FT-SE 100, FT-SE Mid 250, FT-SE 250, FT-SE 350) with columns for Day's change, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1, Year ago, Div. yield, Net cover, P/E, Xid, Total Return.

Hourly movements

Table showing hourly movements of FT-SE 100, FT-SE Mid 250, FT-SE 250, FT-SE 350, FT-SE All-Share, and FT-SE Actuaries All-Share.

FT-SE Actuaries 350 Industry baskets

Table showing FT-SE Actuaries 350 Industry baskets including All Share, Banks, Finance, Insurance, Life, Property, Retail, Telecom, Transport, Utilities, and World.

Financial Times, World Business Newspaper. Mastering Management is a 20 week series being published in the UK edition of the Financial Times.

Mastering Management is a 20 week series being published in the UK edition of the Financial Times. The series of tabloid supplements, sponsored by United Airlines, comprises 19 modules ranging from Marketing to Business Ethics, Strategic Management to Organisational Behaviour and Leadership to Finance.

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Additional information on the FT-SE Actuaries All-Share indices is published in October issues. Lists of constituents are available from The Financial Times Limited, One Southway Bridge, London SE1 9SL.

مركزنا من الاصل

WORLD STOCK MARKETS

EUROPE
Austria (Jan 8 / Sch)
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GERMANY (Jan 8 / Dm)
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FRANCE (Jan 8 / Frc)
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NETHERLANDS (Jan 8 / Fln)
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SPAIN (Jan 8 / Ptas)
Acciona
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ITALY (Jan 8 / Lit)
Alitalia
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GREECE (Jan 8 / Dracmas)
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PORTUGAL (Jan 8 / Escudos)
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INDICES
Argentina
Australia
Austria

INDICES
Canada
Denmark
France

INDICES
Germany
Hong Kong
Japan

INDICES
Korea
Malaysia
New Zealand

INDICES
Singapore
South Africa
Taiwan

Every major world airline flies with Rockwell avionics
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DEFENSE ELECTRONICS • AIRBORNE • ALUMINUM • GRAPHIC SYSTEMS

US INDICES
Dow Jones
NASDAQ
S & P 500

US INDICES
NASDAQ
S & P 500
Dow Jones

US INDICES
NASDAQ
S & P 500
Dow Jones

INDEX FUTURES
CAC-40
DAX
IBEX

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INDEX FUTURES
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3pm close January 8

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various sectors including Industrial, Chemical, Pharmaceutical, and Technology. Columns include stock name, price, change, and volume.

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In a world where nobody's a secret...

Continued on next page

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, High, Low, Close, Change, and Volume. Includes sub-sections for 'Continued from previous page', 'W', 'U', 'T', and 'S'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market prices with columns for Stock, High, Low, Close, Change, and Volume. Includes sub-sections for 'W', 'U', 'T', and 'S'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, High, Low, Close, Change, and Volume. Includes sub-sections for 'W', 'U', 'T', and 'S'.

Advertisement for Financial Times featuring a clock graphic and the text: 'In a world where every second counts, nobody should wait for a "second-hand" FT!'.

Continuation of NASDAQ National Market prices from the previous section, including sub-sections for 'W', 'U', 'T', and 'S'.

AMERICA

Trading hit by blizzard conditions

Wall Street

US share prices were mixed in very thin trading yesterday as action was disrupted by a blizzard that struck much of the east coast...

EUROPE

Oil price features in Amsterdam, Paris, Madrid

Analysts had been advising a cooling off period for AMSTERDAM, which had outperformed other senior bourses since early October...

nor most domestic investors were buying, he said, but dealers were taking the view that the market could rise later in the month...

Table with columns: FTSE Actuaries Share Indices, Date, Index Name, Value, Change, % Change

Elf is big in oil exploration and development, said Mr Michael Woodcock at Williams de Broe...

profit taking in subsequent trade, and the SMI index turned back from the day's high of 3,933.9 to close 5.0 weaker at 3,968.1.

remained sidetracked ahead of the parliamentary debate on the government's future...

rates. The Wig Index added 185.5 or 2.2 per cent at 8,484.4 in turnover that jumped 17.1 per cent to 10m zlotys.

Mexico edges ahead

Mexico City turned back from its best early levels, but still remained higher in midday trade on expectations of a fall in primary interest rates today.

week's 7 per cent advance, the Merval index rising 5.01 points to 560.08 in late morning trade.

ASIA PACIFIC

Profit-taking hits Nikkei as Taipei stages fightback

Tokyo

Profit-taking by domestic institutions pressured prices and the Nikkei fell for the first time in four trading days, writes Emiko Terazono in Tokyo.

or alcoholic drinks maker, jumped Y100 to Y1,110 and Daido Steel Sheet soared Y220 to Y1,820.

Mining was the highlight among gold stocks, rising 12 cents to \$52.98 and the warrants rose 16.5 cents to \$31.06.

reaction to its recall of a large batch of products suspected of bacterial contamination.

Ministry would expand the foreign stock ownership limit faster than originally planned.

Donk Yang Textile went limit up to Won5,040, a rise of Won510, and Kabul Spinning also rose to its daily upper limit of Won9,550, up Won510.

S Africa attains new peaks

Johannesburg's industrial and all-share indices closed at their fourth consecutive record highs, on generally positive sentiment and a firm gold price.

the gold shares index higher than the spot metal price might have warranted.

Table: MARKETS IN PERSPECTIVE. Columns: Country, % change in local currency, % change in US \$, % change in US £.

Roundup

A fightback over the weekend, and yesterday, came in TAIPEI, where the market dropped 6.7 per cent last Friday after the Taiwan parliament proposed the reintroduction of capital gains tax, which was abolished in 1990.

Traders were convinced that the government would not want a market plunge before the March presidential election.

Lower-priced and speculative stocks led yesterday's gains. Hotels rose 3.2 per cent, and textiles 3 per cent.

SYDNEY was lifted by the strong gold price, and the All Ordinaries index closed 14.2 up at 2,274.9, the golds index sprinting ahead with a 3.15 per cent gain following Friday's New York rise of 95 US cents to \$265.90 in the bullion price.

Turnover was \$512m. Route Samantha and Newcrest

Table: FT/S&P ACTUARIES WORLD INDICES. Columns: Regional Market, US Dollar, Day's Change, 52 Week High, 52 Week Low, % Change.

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